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July 8, 2013

Gilbert Tran
Office of Federal Financial Management
U.S. Office of Management and Budget
Room 6025, New Executive Office Building
Washington, DC 20503

Dear Mr. Tran:

As President of the National Association of State Auditors, Comptrollers and Treasurers, I am pleased to provide the association's response to the proposed revisions to the 2013 Data Collection Form (SF-SAC), which was issued in the May 9, 2013, Federal Register.

We generally agree with the proposed revisions to Form SF_FAC. However, our members have provided various suggestions they believe OMB should consider as it finalizes the Form SF-SAC. To provide OMB with the full extent of the feedback provided by our members, we are attaching the detailed comments that we received on the proposed Form SF-FAC.

Should you have any questions about our comments, please contact me at (617) 973-2315, or Sherri Rowland, NSAA director, at (859) 276-1147.

Sincerely,

Martin J. Benison
President

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General Comments	
	<p>The proposed information implies that a particular finding may be associated with multiple compliance requirements. The revised guidance should specifically state the situations when separate findings for the same program are considered appropriate and situations where findings for the same program may be combined.</p> <p>Also, the proposed information does not address whether audit findings affecting multiple grants can be combined based on compliance requirements, instead of programs. For example, a state agency may have a subrecipient monitoring process in place that covers three major federal programs. If that system is considered inadequate from an internal control perspective, the revised guidance should indicate whether (1) a combined audit finding may be written covering all three programs as related to the subrecipient monitoring requirement, with the same finding number shown in Part III, Item 7(d), or (2) a separate finding should be written for each federal program (3 in this example, with unique finding numbers).</p> <p>Finally, the guidance does not indicate a preference to having all findings for a particular federal agency grouped together in the numbering sequence. If that is intended, it should be clearly indicated in the final version.</p>
	<p>We believe the proposed changes to enter additional information from the auditor's report about individual findings will create an additional administrative burden, especially for states. A study from the Maryland Governor's Grants Office found that individual states had between 10 to 184 new audit findings in 2012, with an average of 56 new findings each. We believe this additional burden may be worth the effort if the changes increase the usefulness of the Data Collection Form in managing federal grants. However, the usefulness of these proposed changes will only be beneficial to the Federal agencies that make direct awards because the Data Collection Form does not currently gather information related to the source of pass-through funds.</p> <p>From reviewing the current Data Collection Form, we noted opportunities for improvement and have a general comment for OMB. We are also providing two specific recommendations for modifying the Data Collection Form to offset the increase in administrative burden caused by the proposed changes. However, we believe that our first recommendation provides the best opportunity as it will make the new information collected useful to the states and other pass-throughs, which will increase accountability over sub-grantees and decrease the administrative burden of managing federal grants.</p> <p><u>Add Fields to Include the Name of Pass-through and Identifying Number Assigned by the Pass-Through</u></p> <p>Given that the federal government will make a single award to a state or other pass-throughs, which in turns makes individual subawards to multiple grantees, it is logical to assume that pass-throughs collectively award and manage more individual grants subject to single audits than the entire federal government. In 2011, a complete download of Schedule of Expenditures of Federal Awards (SEFA) information from the Federal Audit Clearinghouse shows 449,820 lines of expenditures as being from a pass-through; whereas 239,621 lines are marked as being directly awarded by the federal government. If each line of expenditures represents an individual grant, pass-throughs awarded and managed nine grants for every five grants awarded and managed by the federal government. This clearly shows that OMB should consider the needs of pass-throughs as it makes changes to the content of the Data Collection Form. Anything that OMB can do to increase the usefulness of the information in the Data Collection Form for pass-throughs, can significantly reduce the administrative burden caused by managing federal grants.</p>

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OMB's Circular A-133 requires grantees to include the name of the pass-through entity and identifying number assigned by the pass-through on the face of their published SEFA for indirect awards; however, the Data Collection Form does not provide elements for recording this information. The Federal Audit Clearinghouse could add columns to Part III Item 6-Federal Awards Expended During Fiscal Year subgrantees to include the name of the pass-through and any identifying numbers assigned by the pass-through. By including this information in the Data Collection Form, OMB could make the Federal Audit Clearinghouse more valuable to thousands of pass-throughs and reduce their administrative burden.

Automate the Clustering Requirement

The top 50 SEFAs in 2011 uploaded to the Federal Audit Clearinghouse had between 944 to 5,877 lines of expenditures of federal awards. This means that on average, each state has nearly 2,000 lines on their individual SEFA that need to be formatted and reported twice. States have to cluster programs on the SEFA before publication, but then remove the clusters before uploading their SEFA information to the Federal Audit Clearinghouse.

OMB's Circular A-133 requires grantees to identify clusters of programs and sum their expenditures within their published SEFA; however, the Data Collection Form does not provide a method for identifying clusters and producing a SEFA that meets the requirements of A-133. This causes a duplication of effort, and an unnecessary administrative burden. The Federal Audit Clearinghouse could handle clustering of programs by using the CFDA numbers in "Part 5 – Cluster of Programs" from the applicable year's Compliance Supplement to automatically cluster programs and sum their expenditures from the Data Collection Form. By adding the clustering function to the Federal Audit Clearinghouse, OMB could create consistency across all SEFAs and significantly reduce the administrative burden for all states and other grantees.

To reiterate, by taking the two actions above to modify the Data Collection Form's SEFA to meet the requirements of Circular A-133, OMB will save all grantees administrative time and ensure consistency across all SEFAs. As more pass-throughs are able to use the information in the Data Collection Form's SEFA, pass-throughs will hold their sub-grantees accountable for the information they report to the federal government. As sub-grantees are held accountable for the information they report to the federal government, the more accurate and reliable reports will become from sub-grantees.

Eliminate Summary Reporting on Findings When Detail Reporting is Required

With OMB's proposed changes, there will be several data elements which will be recorded multiple times within the Data Collection Form. For example, on the Data Collection Form Part II:

- Item 3-Is a significant deficiency disclosed?
- Item 4-Is a material weakness disclosed?
- Item 5-Is a material noncompliance disclosed?

Under OMB proposed changes, these items will also be reported within Part III, Item 7-Federal Award Findings of the Data Collection Form.

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We recommend that OMB consider revising the Data Collection Form to eliminate these and any other redundancies within the data collection process. OMB could have the Federal Audit Clearinghouse produce a summary of the information related to findings reported within Part III and display this summary to replace the elements listed above.

Use Data Collected to Determine which Federal Agencies have Current Year Audit Findings

Part III, Item 5 of the Data Collection Form instructs the auditor to indicate which Federal Agencies have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. With the addition of the detailed information on individual current year findings in Part III, Item 7-Federal Award Findings, the information on the specific Federal agencies with current audit findings related to direct funding will be recorded in two locations. With the addition of Part III, Item 7-Federal Award Findings OMB should limit Part III, Item 5 to just prior audit findings shown in the Summary Schedule of Prior Audit Findings.

If Part III, Item 5 is modified to remove the redundant information related to current year audit findings, then OMB should consider moving the information on the Summary Schedule of Prior Audit Findings to a section to be completed by the auditee to be consistent with Circular A-133 requirements. Circular A-133§__.315 (a) states “As part of this responsibility, the auditee shall prepare a summary schedule of prior audit findings.”

Require the Auditee to Upload the Schedule of Expenditures of Federal Awards and Implement Controls

As part of the data submission process, some auditors upload the Schedule of Expenditure of Federal Awards to the Federal Audit Clearinghouse on behalf of the auditee. To enhance ownership of the process, we propose that OMB require the auditee to upload Columns (a)-(h) within Part III, Items 6 - Federal Awards Expended During Fiscal Year of the Data Collection Form. This will allow the auditee to upload its SEFA earlier in the Single Audit process and take ownership of the submission. Thereafter, the auditor can audit the auditee’s submission and provide an independent evaluation of the SEFA that was uploaded to the Federal Audit Clearinghouse before it is certified.

We are not aware of any controls currently in place at the Federal Audit Clearinghouse to prevent the modification of the SEFA information by the auditor or auditee after it is uploaded into the Federal Audit Clearinghouse but before it is certified by both parties. To ensure data integrity, OMB should record if any changes are made to the SEFA after it is uploaded and provide information on the changes to the auditor and auditee to aid them in their certification process. Additionally, OMB will need to assure that access to modify Part III, Item 6-Federal Awards Expended During Fiscal Year Columns (i)-(k) and Item Seven-Federal Award Findings are limited to just the auditor.

Make the Full Content of the Federal Audit Clearinghouse Available to Pass-throughs

OMB should retain the requirement within its 2013 Grant Reform proposal to make the full content of the Federal Audit Clearinghouse available to the public to relieve administrative burden for states and other pass-throughs. Currently, subrecipients must spend administrative money to submit information electronically to the Federal Audit Clearinghouse; and then spend more resources to provide the same information to each pass-through which provides them federal funds. By making the full content of the Federal Audit Clearinghouse available on the web, OMB could reduce the administrative burden for thousands of sub-grantees.

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	<p><u>Develop Edit Check for Single Audit Threshold</u></p> <p>The threshold for distinguishing Type A and B programs is calculated using a formula established by OMB using the expenditure total from the SEFA. While Part III, Item 6-Federal Awards Expended During Fiscal Year of the Data Collection Form is a complete SEFA, OMB requires the auditor to enter the threshold to distinguish Type A and Type B programs in Part III, Item 2-What is the dollar threshold to distinguish Type A and Type B programs?. We propose that OMB consider developing a calculation using the amounts recorded within Part III, Item 6 to determine the amount that is to be recorded within Part III, Item 2 of the Data Collection Form. However, if OMB believes that the entered threshold is an indicator of audit quality, then OMB should consider creating an edit check to be executed at the time of entry to present a validation error for the auditor to address.</p> <p><u>Decide which Audit Product is Considered to be the Official Results of a Single Audit:</u></p> <p>As the data collection into the Federal Audit Clearinghouse becomes more robust, some entities may start to consider the information uploaded to the Federal Audit Clearinghouse to be the official record; whereas, others may refer to the traditional audit report furnished by the auditors. Anytime there are two different sources for the same information, it lowers administrative efficiencies and increases the likelihood of inconsistencies, which can be interpreted as waste and errors, respectively. To decrease the administrative burden and increase the consistency of reporting single audit results, we propose that OMB work with the states, the auditing profession, and other stakeholders to make a determination as to which audit product is considered to be the official result of the single audit process.</p>
Change 1	
	<p><u>Concern:</u> We are a department (created by the Legislature) of the state of Alabama and are part of the state's reporting entity. We perform the audit of the state's CAFR and Single Audit. Since we are part of the state's reporting entity, our department has the same EIN Number as the state of Alabama. In this case when information is entered on the Data Collection Form both the Auditee's and Auditor's EIN number will be the same and could lead to potential problems with data entry.</p> <p><u>Question:</u> Are state audit organizations required to report an EIN Number or does this change only apply to CPA Firms?</p>
Change 2	
	<p>Will this require a change in the reporting on the SEFA for certain loan programs? Under this new requirement, would we now need to separately identify the federal expenditures within a single CFDA that are loans and non-loan activity, or are we just noting on the data collection form if the CFDA is a loan program and the SEFA reporting will remain the same?</p>
	<p>Is there a need to distinguish between Federal loans with or without significant continuing compliance requirements?</p>
Change 3	
	<p>We understand the need for standardized audit finding reference numbers, but we do not believe it is reasonable to implement this change for Fiscal Year 2013 audits due to time constraints. Our Department utilizes an internal web-based findings application to record, evaluate, and track all audit findings. This change will require extensive reconstruction of our existing findings application to be compatible with the proposed standard format. Additionally, extensive coordination will be required with other independent auditors performing audits for the Statewide Single Audit. Furthermore, our State's fiscal year ends on June 30, and based on interim audit testing performed to date, audit</p>

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	<p>findings are already being processed within our existing system.</p> <p>At a minimum, we request that this change be deferred until Fiscal Year 2014. We also request that OMB give consideration to allowing a cross-reference to the finding numbers used on the SF-SAC form to numbers in our audit reports. This would not require us to change our current findings application, and thereby save significant re-programming costs.</p>
	<p>Our statewide single audit report normally has findings for both the financial statements and for findings related federal awards. We currently distinguish between the two types by having FS for financial statement and SA for single audit federal program findings along with the year and number sequence. For example, 12-FS-01 verses 12-SA-01. Now that we are to go to the 2013-001 will we still need to separate the FS from the SA findings or will the sequence just continue from one section of findings to the other. Say you have 3 FS findings then the first SA finding would be 2013-004, right? In this example, the first finding listed on the data collection form would be 2013-04. Wouldn't this cause questions about the first 3 findings that are not included because they do not impact any federal awards?</p>
Change 4	
	No comments.
Change 5	
5.C	<p>It appears this will have to be manually entered online since the federal award info is automatically populated from Part III, Item 6. Currently, certain pages of the DCF <u>must</u> be uploaded if the data exceeds a certain number lines. Will we have the option to upload the data for FY 13? If not, we may have to manually re-key this information for every DCF draft. This is of concern because even if we have a limited number of findings, multiple lines will be generated for the new section, Item 7. For example, CDBG had 3 findings in FY 12 and there are 3 federal program information lines on the DCF (a separate line for each cluster program). So, if we are interpreting this correctly, there would be 3 entries in Part III, Item 6 and 9 on the new section, Part III, Item 7. Is our understanding correct?</p> <p>Also, in the past we reported the same opinion for all programs in a cluster and listed findings that modified the opinion for each program. This was done to prevent edit errors in the DCF system. The system would not accept a report with a modified program opinion and no findings listed. In the new DCF if we have one finding that only applies to one program within a cluster, would we only place a 1 next to that program in Part III, Item 6, which would cause the form to insert only that program in Part III, Item 7? If we continue to prepare the DCF as required by the system in prior years, we would have to place a 1 next to each program within a cluster in Part III, Item 6, which would then insert all of the programs within the cluster into Part III, Item 7 even though the finding did not apply to every program.</p>
5.C	<p>Similar to the current SF-SAC, the proposed revised SF-SAC provides one column in which to list the types of compliance requirements associated with a finding. Thus, it is possible that one row in Item 7 could contain multiple compliance requirements, making it more challenging to analyze the finding data gathered. It may be helpful to have, for each compliance requirement, a separate row for each finding number and CFDA combination.</p>
5.C.c	<p>Types of Findings – Columns (f) - (j) require each finding to be categorized as to type of deficiency, and the form instructions include a table showing nine possible combinations. We believe at least one additional combination may be possible--a finding that reports other noncompliance (i.e., nonmaterial noncompliance) and a related other deficiency (i.e., a simple control deficiency). This combination could apply when known questioned costs exceeding \$10,000 are identified and, thus, a finding is required to be reported, yet the likely questioned costs could be deemed nonmaterial noncompliance. Also, a simple control deficiency might be reported that allowed the noncompliance to occur. The table does not appear to provide for this coding combination, but based on the instructions, using a combination</p>

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	other than the nine in the table probably would cause a system edit to show a submission error.
5.C.c	<p>Types of Findings – We are confused by the types of deficiencies and the nine possible combinations shown.</p> <ol style="list-style-type: none"> 1. The “Modified opinion (f)” column. When would you enter a Y in this column as opposed the column (g) “Other noncompliance”? And what is considered an “other deficiency (j)”? We generally would not modify an opinion based on a significant deficiency, but it appears that is allowed on the form revision, is that the auditor’s discretion? 2. Once a program opinion has been modified, would all findings then reflect the modification in column (f), or just the finding that caused the modification? This question would apply to clusters as well, since we sometimes have a finding that causes a qualification in one program of a cluster, but we must qualify the entire cluster on the current SF-SAC.
5.C.c	<p>Types of Findings – Because Item 7 includes a “Modified Opinion” column but does not include a “Material Noncompliance” column, there is a presumption that the identification of material noncompliance automatically results in the need to modify the opinion for the federal program as a whole. We disagree with the use of the modified opinion column in that manner. According to OMB Circular A-133, material noncompliance is determined at the compliance requirement and/or audit objective level whereas the modification of an opinion is considered at the overall federal program level. As such, instances of material noncompliance may be identified that do not rise to the level of modifying the opinion for the federal program as a whole. To properly reflect this in the SF-SAC, we recommend that Material Noncompliance be added as a separate type of deficiency in Item 7.</p> <p>It is confusing to include “Modified Opinion” as a type of deficiency. We believe it would be more appropriate for the modified opinion column to be displayed separately, similar to the questioned costs column.</p> <p>OMB Circular A-133, Section 510 requires reporting of certain other findings that are not specifically identified in the types of deficiencies in Item 7. For example, known fraud is required to be reported under A-133. The proposed revisions to the SF-SAC include as types of deficiencies the categories “Other Noncompliance” and “Other.” We suggest that consideration be given to combining these into one “Other” or “Other Deficiency” category. Alternatively, it would be helpful if the instructions further clarified the intended use of each type of deficiency category. For example, it may be helpful to provide guidance on how, if at all, the following situations should be reported:</p> <ul style="list-style-type: none"> • fraud, • questioned costs greater than \$10,000, • cross-cutting findings not material to any federal program, • internal control deficiencies that are included in the single audit report but do not rise to the level of a significant deficiency, and • noncompliance findings that are included in the single audit report but do not rise to the level of material noncompliance. <p>It would also be helpful if consistent terminology was used in the SF-SAC and the related instructions. Currently, the draft SF-SAC uses the term “Other” while the related instructions use the term “Other Deficiency.”</p>
5.C.d	Questioned Costs – Is there a particular reason not to include the actual dollar amount in the data collection form if it is known? Would have thought this would be useful data to the federal agency and others to be able to see the level of QC reported by querying the database and not having to go to the full finding.
5.C.d	Questioned Costs - How should we report questioned costs when we are unable to determine the related program? This would occur if the

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	auditor finds questioned costs in a cluster, but cannot determine which program.
Change 6	
	The summary of changes included in the proposal indicated that the auditee and auditor certifications would be updated to include a statement certifying that the reporting package does not contain personally identifiable information. However, in the SF-SAC form included in the proposal, this additional certification does not appear to have been added.
	<p>The proposed SF-SAC form does not contain a statement in either the auditee or auditor certification blocks that there is no PII in the report. I assume that is because none of the proposed A-133 revisions have been incorporated into this form yet.</p> <p>However, when PII is incorporated in, please consider this comment that we submitted to OMB on the proposed A-133 revisions:</p> <p><i>.707(c) & .712 (a) – Auditees and auditors shall ensure that their respective parts of the reporting package do not include personally identifiable information.</i></p> <p><i>.712(b)(1) – The auditee shall submit required data elements described in...Data Collection Form...A senior level representative of the auditee...shall sign a statement to be included as part of the data collection certifying that...the reporting package does not include personally identifiable information...</i></p> <p><i>.712(b)(2) – Using the information included in the reporting package...the auditor shall complete the applicable data elements. The auditor shall sign a statement to be included as part of the data collection form that indicates.....</i></p> <ul style="list-style-type: none"> • If .707(c) and .712(a) require both the auditee and auditor to ensure that their respective parts of the reporting package do not include personally identifiable information, then why does .712(b) only require the auditee to sign a statement certifying such? • If PII is found in a comment in the Schedule of Findings and Questioned Costs, who is responsible if a fine is assessed? The auditee must sign the certification; however, they have no control over what the auditor writes in the comments. <p>Ohio's dilemma with the PII requirement:</p> <ul style="list-style-type: none"> • Under Ohio Revised code Sections 9.24(H)(3) and 117.28, a finding for recovery may exist in certain circumstances (public money has been illegally expended, etc.). In addition, 117.28 requires the Ohio Auditor of State to forward a copy of the audit report containing the finding for recovery to the statutorily designated legal counsel for the public office, who then has the discretionary authority to institute legal proceedings to collect the amount alleged to be due to the public office. If legal counsel does not pursue legal proceedings, the finding for recovery will be considered to be a debt owed to a public office and will be certified to the Attorney General of the State of Ohio for collection. In addition, pursuant to Ohio Revised Code section 9.24, a person against whom an unresolved finding for recovery has been issued by the Auditor of State is precluded from receiving, from a state agency or political subdivision, a contract for goods, services, or construction, paid for in whole or in part with state funds. (This preclusion does not apply to employment contracts.) Therefore 9.24(D) requires the Auditor of State to maintain a database, accessible to the public, listing persons against whom an unresolved finding for recovery has been issued, and the amount of the money identified in the unresolved finding for recovery.

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	<ul style="list-style-type: none"> • FAC’s Proposed Changes to SF-SAC Data Collection Form, Item #6, and OMB Memo M-06-19 and M-07-16 define PII as including a person’s name alone or when combined with other personal or identifying information. • Considering all the guidance above, how should the Ohio Auditor of State comply with the PII requirement when we are required to issue Findings for Recovery in our audit reports, which include the person’s name?
Change 7	
	<p>One change described under Item 7 is concerning. We submit a locked Single Audit report to mitigate the professional liability associated with reports containing scanned original signatures. Today’s technology allows intentional misuse of electronic signatures to occur easily. Locking a document is a reasonable measure aimed at deterring such misuse. Please consider alternative submission requirements that allow auditors to mitigate their professional liability, while also meeting the information needs of the federal grantor agencies (emphasis added). For example, the unlocked electronic report could include signature on file versions of the auditor’s opinions. The signed opinions could either be mailed separately or electronically submitted as separate locked documents. With the changes to the data collection form, the need for federal grantor agencies to refer to the signed opinions for context is reduced, making separate submission a viable option. As another option, the clearinghouse could provide representation on security measures taken to protect the electronic signatures from misuse and accept responsibility for misuse on the part of federal employees.</p>
Instructions for Form SF-SAC	
	<p>The proposed revisions are unclear regarding whether information in Part III, Item 7 of the revised SF-SAC could be uploaded or if it would need to be manually entered. It would be more efficient if this information could be uploaded, and it would be helpful if instructions provided technical detail on how to complete Item 7. The instructions for completing the SF-SAC provided in the proposal reference other instructions for completing certain portions of the SF-SAC. We presume these references are to the existing detailed technical instructions on completing the SF-SAC, including how to upload information, that are available at http://harvestor.census.gov/sac. It would be helpful for those instructions to continue to be available and to be updated related to the revisions proposed, specifically the technical instructions for uploading information to Item 6 and Item 7 of Part III of the SF-SAC.</p>
	<p>The proposed instructions refer to page numbers in several areas. However, in looking at the proposed form, there are no longer page numbers in the header or footer section to identify. Plus as usual for our Statewide, there will be many pages for page 3 (Part III, Item 6) and page 4 (Part III, Item 7). Will page numbers be added like the old form or should any references throughout the form be made to the Part rather than page number?</p>
Instructions – Page 1	
	<p>First column, third paragraph: “This Form SF-SAC version, dated 10-2013 should be used for audits covering fiscal periods ending in 2013.” Should this coincide with the effective date of the 2013 OMB Compliance Supplement? The 2013 OMB Compliance Supplement is effective for audits of fiscal years beginning after June 30, 2012 (i.e., June 30, 2013 audits). The way this is currently written, a 3/31/31 FYE audit would follow the FY 2012 OMB Compliance Supplement, but would report on the 2013 SF-SAC – is that the intention?</p>
	<p>Type(s) of Deficiency(ies) – has “Item 7f-g” – should be “Item 7f-j”</p>
	<p>Type(s) of Deficiency(ies) – Is it accurate to correlate “modified opinion” with “material noncompliance,” then any noncompliance that is below material is marked as “other noncompliance”? Just wondering if there is some guidance / definition / standard in determining the type of deficiency is being reported. If so, where is it?</p>

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	Questioned Costs – “For each audit finding listed on Part III, Item 7k...” I think it should be “For each audit finding listed on Part III, Item 7, the auditor will report if there were any Questioned costs related to that finding in Item 7k.”
	Submission to the Federal Audit Clearinghouse – Auditees are required to use the Internet submission form <u>on</u> the FAC Web site.” (word missing)
	Instructions – Page 2
	First column, third paragraph – “...the auditee and auditor must attach an electronic image file containing the reporting package.” Should this be expanded on here for the new requirements – 85% text searchable, unencrypted, etc.?
	Form Due Date – “...within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period...” I realize this language comes straight from the Single Audit Act, however, since the OMB Compliance Supplement, Appendix 7, only addresses the 9 month requirement, should the “30 days” language be removed?
	Item 4(c) says “Do not include the primary EIN in Appendix 1.” The EINs are on page 6 of the new form not Appendix 1. There is no Appendix 1
	There are notations under Item 4(c) and 4(f) on page 2, and under Item 7 on page 3, in the instructions to see on-line instructions available on the FAC website for uploading additional data (i.e., under EINs, DUNs, and other auditors), but nothing on page 5 (Part III, item 7). We did not find updated instructions on the FAC website. Will those be updated to correlate with these proposed instructions? Also, will there be a way to upload Part III, item 7 or will it have to be entered directly on-line since it will be generated based on what is on page 3
	Instructions – Page 3
	Item 6. Add Optional Secondary Auditor Information – This seems to be left over from previous instructions and should be deleted.
	Instructions – Page 4
	There are multiple references to Appendix 1 for the Federal Agency listing. There is no Appendix 1, rather there is an appendix A & B.
	Item 6. Federal Awards Expended During Fiscal Year We suggest that an Excel template be prepared and provided so that the specific formatting that is needed to upload this information into the DCF is known and available. In the past, we have struggled with getting this information uploaded so much so that we decided it was easier to type it all again.
	Item 6. CFDA Numbers. Column (a) Federal Agency Prefix It would be helpful if the instructions further clarified whether the prefix listed in the appendix or the federal awarding agency’s prefix should be used in situations when the same prefix is used by multiple federal awarding agencies. For example, it would be helpful to know which prefix should be entered in the SF-SAC, Part III, Item 6, for the various federal awarding agencies that use prefix 45 for their CFDA numbers.
	Item 6. CFDA Numbers. Column (a) Federal Agency Prefix The instructions currently reference “Appendix 1” and it appears the reference should be to Appendix A and Appendix B.
	Instructions – Page 5
	Item 6. Column (j) states “...enter one letter (U, Q, A, or D) corresponding to the type of audit report on the major program...” However, we give an opinion on each compliance requirement for each major program. Is there some type of control built into the form that if this is marked with anything except for “U” then Step 7, column (f) is marked “yes” also?

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	<p>Item 7 Federal Award Findings We believe it would be helpful if the instructions included information about whether and how to include a federal finding that was not specific to a federal program. For example, we have found instances where an entity had a significant deficiency related to overall preparation of its Schedule of Expenditures of Federal Awards, which affected all programs. If these types of findings should be included on the DCF, there should be specific guidelines about how they would be identified, and if these findings should <u>not</u> be included, the instructions should explain that.</p>
	<p>Item 7 Federal Award Findings “For each finding noted on Part III, Item 6, column (k) details will be entered on Part III, Item 7.” If it is possible to have only a modified opinion (with no comment), as the chart on pg. 5 shows, then Part 7 will not come up for only an opinion modification and the auditor would never identify which compliance requirement it relates to.</p>
	<p>Item 7 Federal Award Findings – Columns (a-c) Auto-Filled We have general logistic questions on how the proposed changes will impact the instructions for uploading information to the Federal Audit Clearinghouse, specifically, with columns that will be auto-filled. Currently, the State Controller uploads one spreadsheet that contains the auditee information and audit-specific information, provided by our office, for the Annual Single Audit. It appears though, that with the addition of the auto-filled columns in Item 7, a one-spreadsheet approach will no longer be possible. We would appreciate further consideration to ensure the upload instructions are updated appropriately, if determined necessary.</p>
	<p>Item 7 Federal Award Findings – Column (e) Type of Compliance Requirements Within column (e) where we list the types of compliance requirements that apply to a finding, we suggest that there be individual columns for each of the compliance requirements, similar to how columns (f) through (k) are formatted for the types of deficiencies. This would help to ensure that findings could be searchable by compliance requirements. However, adding the extra columns for each compliance requirement may not be feasible until OMB’s reforms take place and the types of compliance requirements are reduced to seven.</p>
	<p>Item 7 Federal Award Findings – Column (e) Type of Compliance Requirements It states use A-N and that O will no longer necessary since it was only used for no findings. A ‘P’ for ‘other’ was included in the proposed changes document, but was omitted from the instructions.</p>
	<p>Item 7 Federal Award Findings – Type(s) of Deficiency(ies) To help ensure consistency, we highly recommend that the instructions include clear definitions and guidelines for the types of deficiencies listed. For example, it is not clear whether the “Other Deficiency” category would be marked with a yes if that deficiency was communicated in a report separate from the Single Audit Reporting Package, such as a management letter. In addition, we suggest that if possible the programming be done so that the form will not accept any combinations other than the nine that are allowed.</p>
	<p>Item 7. Federal Award Findings – Type(s) of Deficiency(ies) The instructions provide a listing of the valid combinations of the types of deficiencies that may be reported. With the addition of “Material Noncompliance” as a type of deficiency, as recommended in a previous comment, we believe that the valid combinations of types of deficiencies should be modified to reflect the additional possible combinations.</p>
	<p>Item 7. Federal Award Findings – Type(s) of Deficiency(ies) The instructions indicate, “For each audit finding listed on part III, item 7 the auditor must mark any valid combination of five Type(s) of Deficiency(s): Modified Opinion, Other Noncompliance, Material Weakness, Significant Deficiency, or Other. Mark “Y” for Yes for “N” for No for each audit finding.” However, the instructions then present a table containing “the nine different possible combinations.” We are uncertain if we have the ability to mark any valid combination or are limited to the nine presented combinations. In addition, we would request additional direction on the “Other NonCompliance” and “Other” categories. The instructions did not include definitions on these terms or</p>

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	examples of the types of findings that would fall into either category.
	Item 7. Federal Award Findings – Type(s) of Deficiency(ies) Chart – Row 1 – How would there ever be just a modified opinion – but no comment to go along with it.
	Item 7. Federal Award Findings – Type(s) of Deficiency(ies) Chart – Row 3 – How would you ever have a significant deficiency and a modified opinion? If the deficiency is significant enough to modify the opinion, then wouldn't it qualify as a material weakness?
	Item 7. Federal Award Findings – Type(s) of Deficiency(ies) Chart – Couldn't there also be other possible combinations – such as modified opinion, other noncompliance and material weakness; or other deficiency and other noncompliance, etc.